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GITANJALI
GROUP

MORELLATO & SECTOR

- **Gitanjali enters into a Joint Venture with Morellato and Sector Group**
- **Launches 10 International Watch and Jewellery Brands through this venture**
- **Total Investment - \$15- 20 million**

Press Release - Mumbai, November 20th, 2007: Gitanjali Group today announced a 50-50 joint venture with the Italian designer jewellery & watches major - 'Morellato and Sector' Group, through its subsidiary Armq|Netherlands Finance B. V.

The agreement between the two companies provides for the distribution of all of the watch and jewellery brands of the Italian group (*Morellato, Molecole, Sector, Philip Watch, Just Cavalli Jewels, Just Cavalli Time, Miss Sixty Jewels, Miss Sixty Time, Roberto Cavalli Timewear, John Galiano, and Pirelli Pzero Tempo*) both through sales at the most distinguished and prestigious jewellery and watch shops in India and through the opening of dedicated stores as a joint venture. The total investment in this joint venture is approximately \$ 15 – 20 million. This association takes the challenge of offering style with a creative twist, innovation and quality at affordable costs.

These brands will be distributed through the various Gitanjali Lifestyle outlets and Watch MBO's (*Beze!*) across the nation. These contemporary and rare collections under the various brands are positioned in a way that serves all strata of the society; from Philip Watch that is a very high end Luxury brand to Morellato watches & jewellery that are placed as affordable luxury. "The joint venture aims to having a 360^o approach in the value chain from having a manufacturing base in India to branding & distribution of the same through the extensive network of the Group. Reinforced by its optimization of production and distribution processes, the Group's aim is now to enhance the identity of each brand in its portfolio, whether they are owned brands or licenses, thereby giving its customers a range of products that respond to a vast range of expectations and tastes.

"We strongly believe that in the changing retail scenario, there is a huge potential for growth in the branded jewellery & lifestyle segment, as it offers consumers a guarantee of quality that they can trust. It gives us immense pleasure to be associated with a brand like **Morellato and Sector** that stands for a tradition of quality just like us. We are proud that we have brought some of the world's most popular brand to our country. Through this JV we will add yet another valuable brand to the bouquet of international brands being offered by Gitanjali to the Indian customers." says, **Mehul Choksi**, Chairman, Gitanjali Group.

"We are very proud of the creation of Morellato India Ltd and of the partnership with Gitanjali, since it makes it possible to access the main gateway to a market with great potential which has always been an example of tradition and quality in the jewellery world," stated the CEO of Morellato & Sector, **Mr. Massimo Carraro**. "We are bringing Italian design and fashion along with the quality and tradition of our watch production. The entry into the Indian market, will allow us to protect our position with greater force in the Far East, an area that is witnessing exceptional growth and in which we greatly believe, as the Group's 26 stores, which are already present in China, demonstrate." continued Mr. Carraro.

The arrival of Morellato & Sector in India, a country with an extremely high growth potential, is part of the more extensive and wider process of internationalisation that has been undertaken by the group.

About Morellato & Sector Group:

The **Morellato & Sector Group**, located in Padua, specialises in the creation and production of jewellery and watches, a sector in which it holds a position of unquestionable leadership associated with a portfolio of important brands that it owns and prestigious managed licenses (*Morellato, Molecole, Sector, Philip Watch, Just Cavalli Jewels, Just Cavalli Time, Miss Sixty Jewels, Miss Sixty Time, Roberto Cavalli Timewear, John Galiano, and Pirelli Pzero Tempo*). The Group currently has 800 employees, 21 companies, 10 of which are in Italy with another 11 abroad, and expects to close 2007 with 270 million euros in sales.

About Gitanjali Lifestyle

Gitanjali Lifestyle Ltd is the luxury & retail arm of The Gitanjali Group, a 3500 crore company with 40yrs of experience in the branded jewelry segment. Incorporated in 2007 this new venture aspires to tap the unexplored luxury & premium retail segment of the society. The group has envisioned in instituting in "Retail of Luxury & Lifestyle Products" with the intention of opening stores in premium market places.

Gitanjali Lifestyle has taken an evaluated decision to venture into the business of "Retailing Branded – Lifestyle products" with an initial investment of 150 crores. Gitanjali Lifestyle brings in a plethora of brands that are synonymous with luxury & style. Their idea is to project their stores as a prime destination for individuals who have a high fashion quotient, covering all aspects of lifestyle retailing, combining Jewellery, Watches, Silverware, Perfumes & Cosmetics, Leather & Accessories

The company operates through 3 service verticals, Retail, Media & Distribution with over 2000 existing points of sales.

The company intends to open 200 lifestyle stores in Metros & Mini-Metros across industries i.e. lifestyle, fashion, jewellery, food & beverage and health & beauty. The stores will be in three formats ranging from 5000 sqft to 15000 sqft and through malls in upward of 80000 sqft; a combination of Company owned & Franchise stores. Apart from launching international brands, we would also launch malls catering to the high-end consumer and the aspirational segment.

Gitanjali Lifestyle aspires to be a global leader in luxury retail, distribution & services known for its high quality products along with setting new trends & lifestyles, to create value for its consumers.

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